

**WOODLAND SCHOOL DISTRICT No. 404**  
**Cowlitz County, Washington**  
**September 1, 1990 Through August 31, 1992**

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**Schedule Of Findings**

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1. The District Should Comply With Federal Requirements For The Chapter 1 Program

The state Superintendent of Public Instruction (SPI) passes through to the district federal funds for Chapter 1 of ESEA (CFDA 84.010). Accordingly, the district must follow federal guidelines in expenditure of these funds. Those guidelines also define the Chapter 1 program as a nonmajor program at this district. While monitoring this program, the SPI found that the district did not expend all its Learning Assistance Program (LAP) funds for 1990 and 1991.

By not fully using all of the LAP funds while expending Chapter 1 funds, the district has supplanted rather than supplemented the nonfederal funds in violation of Chapter 1 regulations.

Regarding this issue, 34 CFR 200.44 (a) states in part:

... an LEA may use funds available under this part only to supplement and to the extent practical, increase the level of non-Federal funds that would, in the absence of funds under this part, be made available for the education of pupils participating in Chapter 1 projects, and in no case may funds available under this part be used to supplant those non-Federal funds.

The district's review process did not detect the errors, therefore, it was not aware of the violations.

The SPI corrected the errors by reducing the district's allocation of Chapter 1 funds by \$18,043.82 and LAP funds by \$28,683.80 for subsequent years.

Our audit of the Chapter 1 program also revealed that the district did not prepare the required program evaluations prescribed by 34 CFR 200.35, which states in part:

(a)(1)(i) An LEA shall evaluate, at least once every three years, the effectiveness of its Chapter 1 projects, in terms of basic and more advanced skills that all children are expected to master . . .

(a)(2)(i) The LEA shall determine whether improved performance of Chapter 1 participating children is sustained over a period of more than 12 months.

According to the program coordinator, he was not aware of this Chapter 1 program requirement.

We recommend the district strengthen its review procedures to prevent supplanting state and local funds with Chapter 1 funds.

We also recommend the district comply with the evaluation requirements of the Chapter 1 program.

2. The District Should Retain Source Documents To Substantiate Enrollment Reports

Woodland High School personnel did not keep the Data Collection Rosters which support the monthly enrollment figures reported to the Superintendent of Public Instruction. Enrollment records at the high school are computerized, and Data Collection Rosters are the source documents prepared by teachers for input to the computer system.

Apparently, high school personnel were not aware of the need to retain these source documents to support the actual enrollment counts.

Full-time equivalent (FTE) student enrollment is an important factor in determining the amount of funds apportioned to the district for basic education. RCW 28A.150.250 states in part:

From those funds made available by the legislature for the current use of the common schools, the superintendent of public instruction shall distribute annually . . . an amount . . . in dollars for each annual average full time equivalent student enrolled . . . .

Because the source documents were not available, we could not verify the accuracy of the enrollment at the high school and therefore, for the district as a whole.

We recommend the district ensure that all source documents to support enrollment counts be retained by district personnel.

3. The District Should Improve Controls Over Compensated Leave Recording And Reporting

Our audit of Woodland School District's payroll system disclosed a number of clerical errors. We found discrepancies in sick leave accruals, as well as differences between approved leave slips, time sheets, and leave balances. The district did not have a system for recording employees' vacation leave balances.

Office of Management and Budget (OMB) Circular A-87, *Cost Principles For State And Local Governments*, Attachment B, Section 10 (b) requires that accounting records be supported by source documents:

. . . Payrolls must be supported by time and attendance or equivalent records for individual employees. Salaries and wages of employees chargeable to more than one grant or other cost objective will be supported by appropriate . . . records . . .

According to the business manager, the payroll clerk was relatively new to the position, and not experienced.

The lack of an adequate leave recording system and reconciliation to approved leave slips and time sheets, increases the risk that improper expenditures of federal funds could occur, as well as violations of employee contracts.

We recommend the district implement improved procedures to ensure that all compensated leave balances are properly recorded and reported.